

**CHAPTER 7. ACCOUNTS PAYABLE**

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## CHAPTER 7. ACCOUNTS PAYABLE

### 7.1 OVERVIEW.

- 7.1.1 This chapter prescribes the policy for recognizing and recording accounts payable and highlights the accounts payable monitoring control reviews necessary to ensure account balances are proper. The provisions of this chapter are designed to supplement existing regulations bearing on the subjects covered herein and do not relieve Centers' Chief Financial Officers (CFOs) and the NASA Shared Services Center (NSSC) personnel from compliance with the Office of Management and Budget (OMB), Government Accountability Office (GAO), Department of Treasury (Treasury), and other applicable Federal regulations.

### 7.2 POLICY.

- 7.2.1 An accounts payable for unpaid amounts shall be recognized upon receipt of services or when accepting title to goods, whether the goods are delivered or in transit.
- 7.2.2 Accounts payable are to be recorded using the appropriate U.S. Standard General Ledger (USSGL) accounts that have been established by the U.S. Treasury Financial Management Service.
- 7.2.3 Amounts recorded as payables shall be supported by documentation that clearly shows the basis for the amount recorded as a payable and the terms upon which payment is to be made.
- 7.2.4 Accounts payable resulting from transactions with other Federal agencies are intragovernmental transactions and should be reported separately from amounts owed to the public.
- 7.2.5 NASA records all accounting transactions in the integrated accounting system, Integrated Enterprise Management Program (IEMP)/ Core Financial (CF).
- 7.2.6 NASA shall not delay the recognition of a liability based on the availability of funds and shall disclose the accounts payable not covered by budgetary resources.

### 7.3 AUTHORITIES AND REFERENCES.

- 7.3.1 The accounts payable policy is developed in accordance with the following authorities and references.
- A. Statement of Federal Financial Accounting Standard No. 1, Accounting for Selected Assets and Liabilities
  - B. OMB Circular No. A-127, Financial Management Systems

- C. OMB Circular No. A-123, Management Accountability and Control
- D. Department of Treasury, Financial Manual, Supplement No. S2, U.S. Government Standard General Ledger, Part 2, Section 1, Chart of Accounts and Section 3, Account Transactions
- E. NASA Continuous Monitoring Program (CMP)

#### 7.4 ROLES AND RESPONSIBILITIES.

##### 7.4.1 NASA Headquarters, Office of the Chief Financial Officer shall:

- A. Develop, maintain, issue, and interpret financial management policies for accounts payable.
- B. Coordinate and monitor the processes and systems used to process, record, and report accounts payable.
- C. Perform quality control reviews to confirm that controls are effective and processes are efficient. Additionally, ensure internal reviews of payment performance and system accuracy are conducted.
- D. Review and, if appropriate, approve waiver requests to specific provisions of these requirements.
- E. Review and monitor the Continuous Monitoring Program control activity data provided by NASA Centers and the NSSC.

##### 7.4.2 NASA Centers and NSSC shall:

- A. Record accounts payable transactions timely, accurately, and in accordance with applicable Federal regulations and NASA's policies and procedures.
- B. Maintain complete financial records of all supporting documentation.
- C. Ensure all documentation is readily available for review by procurement personnel, auditors, NASA Headquarters, and Centers' financial management personnel.
- D. Ensure adequate internal controls are in place, which include employing controls that limit access to data that are electronically transmitted and establishing/maintaining appropriate separation of duties.
- E. Timely complete the accounts payable CMP control activities as identified in the CMP document.

##### 7.4.3 Competency Center shall:

- A. Timely process all system requests relating to accounts payable.

- B. Ensure the financial management system provides timely, reliable, useful, complete, and consistent financial management information in accordance with OMB Circular No. A-127.

7.4.4 NASA program offices or other responsible offices shall timely complete inspection reports, receiving reports, and/or certifications.

## 7.5 DEFINITIONS.

7.5.1 Accounts Payable. Accounts payable are amounts owed for goods and services received (i.e., actual or constructive delivery). These accounts represent amounts owed to Federal or non-Federal entities for goods and property ordered and received, and for services rendered by organizations and people other than employees.

7.5.2 U.S. Standard General Ledger (USSGL). The USSGL is a set of procedural rules and uniform chart of accounts used by agencies to record budgetary and proprietary accounting transactions.

## 7.6 RECORDING ACCOUNTS PAYABLE.

7.6.1 The general ledger accounts that are affected by each accounts payable related transaction and the applicable pro forma entries can be found on the U.S. Treasury Financial Management Service website.

7.6.2 Accounts payable include the following:

- A. Amounts owed for goods and other property purchased and received.
- B. Amounts owed for services performed by vendors, contractors, grantees, and lessors.
- C. Amounts owed at the end of the accounting period under programs for which no further performance of services by payees is required (such as annuities, insurance premiums, and some cash grants).
- D. Interest incurred on late payments and refunds due but not paid.

7.6.3 The basis for recording accounts payable shall be a receiving report that clearly shows the quantities and dates received and accepted or services performed and accepted. Such quantities shall be based on actual counts of the items delivered by the vendor. When applicable, accompanying inspection reports for the goods or services shall be attached to the receiving report. In such instances, the inspection report, together with the receiving report, serves as the basis for recording the liability.

7.6.4 The basis for recording an accounts payable for services performed shall include a signed and dated certification that services have been received and performed satisfactorily.

- 7.6.5 Amounts recorded as payables shall be net of all discounts offered by vendors, which are economically justified.
- 7.6.6 The recording of accounts payable is not to be delayed pending receipt of an invoice.
- 7.6.7 Reconciliations and Verifications. To ensure the integrity of the data within the General Ledger and the IEMP/CF modules, there are various account relationships and reconciliations that must remain in balance at all times. NASA Headquarters has identified relationships and reconciliations used to validate proper general ledger account postings in the CMP. Refer to the CMP for detailed information on the account relationships, reconciliations, and other accounts payable control activities that must be executed on a monthly, quarterly, and yearly basis.